

2021 Annual Report

**Investing in Inclusive Growth,
Partnering for Sustainable Futures**

April 14, 2022



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Abstract

Since its creation in 2004, MCC has transformed lives and created opportunities in its partner countries by focusing on one mission: reducing poverty through economic growth. By taking a country-led, results-driven approach to foreign assistance, MCC empowers the poor and catalyzes private investment for public good, creating a more secure world with more opportunities for economic growth at home and abroad.

Introduction

A Message From Secretary of State Antony Blinken, Chair of the MCC Board of Directors

The Millennium Challenge Corporation is an independent U.S. government development agency working to reduce global poverty through economic growth. Created in 2004, MCC provides time-limited grants that pair investments in infrastructure with policy and institutional reforms to countries that meet rigorous standards for good governance, fighting corruption and respecting democratic rights. Seventeen years later, MCC continues to deliver on this mission around the world by combining a private sector approach with years of development expertise. MCC's unique model is defined by core principles including selectivity, country ownership, transparency and a focus on results. These core principles ensure MCC invests in countries that are committed to good governance, economic freedom and investing in their people. MCC follows the data to produce evidence-based investments designed to maximize economic impact to benefit some of the world's poorest populations.

Through a strong commitment to transparency, accountability and country ownership, MCC's programs build capacity, ensure sustainability and maximize the use of U.S. taxpayer dollars. These principles are foundational to MCC's work and continue to shape compact and threshold programs in over two dozen countries around the globe. To date, MCC has signed 38 compacts with 29 countries, worth more than \$14 billion, benefiting nearly 188 million people worldwide. The agency's investments are designed to specifically target a country's biggest constraints to economic growth and aim to boost economies by providing critical infrastructure and leveraging policy and institutional reform.

Without question, the COVID-19 pandemic created unparalleled challenges, but the agency has continued to deliver on its mission through the strong commitment of its workforce and partner countries. Despite these challenges, MCC celebrated many accomplishments from fiscal year 2021 (FY 2021), including two completed compacts, seven countries in compact implementation, eight countries in compact development.

A Message From Chief Executive Officer Alice Albright

I was deeply honored to be sworn in as MCC's sixth CEO on February 16, 2022. With an ever-changing global context and the agency fast approaching its 20th birthday, this is a critical time for MCC as we work with partner countries to reduce poverty through sustainable and inclusive economic growth.

I would like to thank Mahmoud Bah for having so effectively steered MCC as acting CEO throughout FY2021. MCC's successes this year are a testament to his steady leadership, and I look forward to working with Mahmoud as MCC's deputy CEO.

MCC made substantial progress during its 17th year of operations. In FY2021, the agency completed compacts in El Salvador and Liberia and a threshold program in Sierra Leone. Together, these programs are expected to benefit nearly one million people and drive key policy and institutional reforms. Through

the \$277 million El Salvador Investment Compact, MCC helped launch the country's first public-private partnerships, expand the Coastal Highway, train thousands of teachers, and build or upgrade nearly 50 education centers. MCC also successfully closed a \$257 million power compact in Liberia, which funded the rehabilitation of the country's largest and main power-generation source, doubling Liberia's hydroelectric capacity and enabled the connection of more than 50,000 new households to the electricity grid. In addition to compact closures, MCC made headway on seven compacts in implementation that are expected to benefit more than 34 million people. In response to unprecedented delays caused by COVID-19, for the first time in our history and with support from Congress, MCC extended five compacts by up to one year to catalyze economic recovery and deliver on the critical work we set out to accomplish.

Looking ahead, MCC is continuing to develop an impressive pipeline of potential compacts in Asia, Europe and Africa—including two concurrent compacts in West Africa to enhance regional integration—and pursuing threshold programs in seven countries. As we move forward with these programs, we are building on MCC's strong track record of integrating climate resilience, adaptation and mitigation considerations into its programs and seeking new ways to mobilize private investment and promote equity and inclusion. I am also thrilled with the recent ratification of MCC's compact in Nepal and selection of Zambia and Belize by MCC's Board of Directors, which will expand MCC's presence in Southern Africa and return the agency to Central America in FY2022 following the recent completion of Guatemala's threshold program.

MCC's operations are guided by its founding principles, which remain as relevant today as at the time of the agency's creation. These principles are centered on a competitive and data-driven process that reflects American values and the conditions for economic growth. Since 2004, the agency has signed \$15 billion in compact and threshold grants across six continents. These high-quality grants—grants that are predictable and do not add to a country's debt burden—represent a powerful tool for the U.S. Government to incentivize good governance and democratic values at a time when those principles are increasingly under threat. As we look to FY2022, the agency will continue to build on MCC's track record of working with partner countries to deliver complex and quality infrastructure on time, on budget and with transparency and accountability.

Board of Directors: Fiscal Year 2021

The MCC Board of Directors (the "Board") comprises five government officials and four individuals from the private sector who are appointed by the president with the advice and consent of the Senate. The Board meets quarterly.

Antony J. Blinken, Chair *Secretary of State*

Janet Yellen, Vice Chair *Secretary of the Treasury*

Katherine Tai *U.S. Trade Representative*

Samantha Power *Administrator, U.S. Agency for International Development*

Mahmoud Bah *MCC Chief Executive Officer (Acting)*¹

Alexander (Ander) Crenshaw *Former U.S. Representative*

Mike Johanns *Former U.S. Senator and Secretary of Agriculture*

George Marcus *Founder and Chairman of Marcus & Millichap Company*

Susan McCue *President of Message Global LLC*

Driving Progress

Section 2: Driving Progress

MCC Partner Countries That Completed Compacts in FY2021

Since its founding, MCC and its partner countries have completed 29 compacts, totaling more than \$9 billion in total expenditures (Table 1). Two countries completed MCC compacts in FY2021.

El Salvador

MCC and El Salvador signed its second compact in September 2014 (following on from its 2006 compact) to provide up to \$277 million in assistance for regulatory reforms, education, and logistical infrastructure, with the goal of promoting economic growth and private investment in the country through three projects. The first project sought to relieve transportation bottlenecks that led to high conveyance and logistics costs for regional trade, namely congestion at the most heavily trafficked segment of El Salvador's key coastal corridor and long wait times at a major border crossing with Honduras. The second project aimed to help Salvadorans better meet the demands of a global economy by improving the quality of education and reforming technical and vocational training to match the supply of skills to labor market demands. The third project focused on developing an investment climate to catalyze more profitable business operations for firms in sectors related to international trade and increased partnerships with the private sector to provide key public services. El Salvador committed to contribute up to \$88.2 million in addition to MCC's funding, for a combined total budget of \$365.2 million. The compact closed in September 2020 and MCC wound down operations by June 2021. While implementation and closeout were heavily impacted by COVID-19, the Government of El Salvador committed to continuing to implement incomplete projects after closure. The compact's achievements included the launch of the country's first two public-private partnerships, the expansion of approximately 27 kilometers of the Coastal Highway, the construction or upgrading of 46 education centers nationwide, and the training of over 4,500 schoolteachers and administrators, among others.

Liberia

On January 20, 2021, MCC successfully closed its \$257 million compact with Liberia. The compact funded the rehabilitation of Liberia's largest source of electric power, the Mount Coffee Hydropower Plant, which now provides more stable power to the country. The compact also enabled connection of more than 50,000 new households to the electricity grid. In addition, the rehabilitation of a water pipeline funded by the compact will reduce costs and improve the quality of water supplied to Monrovia. The creation of an independent energy-sector regulator and a reduction in the electricity tariff are expanding income-generating activities and are expected to open energy markets to the private sector. Training programs for staff and technicians at the Liberia Electricity Corporation improved customer service and the delivery of electricity services. The road project facilitated the adoption and training on data-driven road maintenance tools for planning in the roads sector. On April 29, 2021, President George Weah and U.S. Ambassador Michael McCarthy celebrated the successful closure of the Liberia Compact at an event held

at the Mount Coffee Hydropower Plant.

Table 1: Completed MCC Compacts Since 2004, as of September 30, 2021

Partner Country	Date Compact Signed	Compact Obligations as of September 30, 2021 (in millions of dollars)
Madagascar	April 18, 2005	\$85.6
Honduras	June 14, 2005	\$204.0
Cabo Verde	July 5, 2005	\$108.5
Nicaragua	July 15, 2005	\$112.7
Georgia	September 12, 2005	\$387.2
Benin	February 22, 2006	\$301.8
Vanuatu	March 2, 2006	\$65.4
Armenia	March 27, 2006	\$176.6
Ghana	August 1, 2006	\$536.3
Mali	November 13, 2006	\$434.3
El Salvador	November 29, 2006	\$449.6
Mozambique	July 13, 2007	\$447.9
Lesotho	July 23, 2007	\$358.0
Morocco	August 31, 2007	\$650.0
Mongolia	October 22, 2007	\$269.0
Tanzania	February 17, 2008	\$694.5
Burkina Faso	July 14, 2008	\$474.7
Namibia	July 28, 2008	\$295.7
Senegal	September 16, 2009	\$433.3
Moldova	January 22, 2010	\$259.4
Philippines	September 23, 2010	\$385.1
Jordan	October 25, 2010	\$272.9
Malawi	April 7, 2011	\$344.8
Indonesia	November 19, 2011	\$474.0
Cabo Verde II	February 10, 2012	\$65.6

Partner Country	Date Compact Signed	Compact Obligations as of September 30, 2021 (in millions of dollars)
Zambia	May 10, 2012	\$332.1
Georgia II	July 26, 2013	\$138.6
El Salvador II	September 30, 2014	\$270.7
Liberia	October 2, 2015	\$237.8
Total		\$9,266.5

MCC Partner Countries in Compact Implementation

Seven countries in MCC's portfolio were in compact implementation as of September 30, 2021. Compact implementation begins upon entry into force, marking the start of the five-year timeline. Under new authority granted by the U.S. Congress, five compacts (detailed below) that had entered into force at the beginning of the COVID-19 pandemic have been extended beyond their original five-year timeline to mitigate implementation delays caused by the pandemic. Each compact is managed and implemented by an accountable entity, generally known as the Millennium Challenge Account (MCA), established by the partner country government. Key implementation milestones from FY2021 are described below.

Benin

In Benin, where only a third of the population has access to electricity, MCC and the Government of Benin are implementing a compact to fund countrywide projects in electricity distribution infrastructure, attract private sector investment in solar power generation, strengthen the country's national utility through a management services contract, and expand access to electricity in rural areas. In early 2021, Benin's national electricity distribution utility publicly announced a tariff increase averaging 15 percent in support of the most difficult reform pursued by the compact. Over the next 20 years, MCC expects more than 11 million Beninese to benefit from compact investments. MCC and the government amended the compact to extend the compact end date from June 2022 until June 2023 to mitigate implementation delays due to the COVID-19 pandemic.

Côte d'Ivoire

The compact aims to support the country's drive to diversify its economy through projects in skills development and transportation. The Abidjan Transport Project aims to reduce transport costs and travel times along targeted road segments in and around the port of Abidjan, while improving overall pedestrian and vehicle mobility and safety. The Skills for Employability and Productivity Project intends to increase access to, and quality of, secondary education and the governance of the sector. Through a new public-private partnership model for technical vocational education and training centers, MCC plans to assist the Government of Côte d'Ivoire in developing the skills needed by the private sector. Due to implementation delays caused by the COVID-19 pandemic, the term of this compact was extended from its original end date of August 2024 to August 2025.

Ghana

MCC's compact with Ghana aims to improve the quality and reliability of electricity for Ghana's businesses and households, increase access to electricity, and improve energy efficiency. The compact's primary activities focus on strengthening the infrastructure and management of Ghana's southern distribution network, largely in and around the capital city of Accra, to reduce power outages and technical losses of electricity. In FY2021, MCC and its Ghanaian partners completed the Pokuase bulk supply point substation and interconnecting circuits, low-voltage line bifurcation in three districts in Accra, a project to replace and retrofit appliances found in government institutions, and a meter management system. In addition, the team completed the construction of an air conditioning test facility and started installing equipment, and continued work on the Kasoa bulk supply point substation, two primary substations, one low-voltage bifurcation district, the electrification of markets and economic enclaves, energy efficient street lighting, and the installation of a geographic information system for the electricity utility. Due to implementation delays caused by the COVID-19 pandemic, the term of this compact was extended from its original end date of September 2021 to June 2022.

Morocco

MCC's compact with Morocco addresses binding constraints to economic growth around two Moroccan government priorities: employability and land productivity. The Education and Training for Employability Project is designed to improve the quality and relevance of secondary education and technical and vocational training. The compact is also assisting in modernizing the labor market observatory, reforming and modernizing the vocational training sector, upgrading student evaluation systems, and testing a results-based financing model for job insertion for marginalized youth and women. The Land Productivity Project aims to increase land productivity in Morocco by enabling land markets to better respond to investor demand and by strengthening the enabling environment for investment. In FY2021, MCA-Morocco signed a partnership agreement with a consortium led by Mohammed VI Polytechnic University along with several local partners to stand up a big data/artificial intelligence platform that will aggregate and analyze labor market data with the aim of improving the transparency and utilization of labor market statistics. Under the Rural Land Activity, MCA-Morocco and the Moroccan National Office of Agriculture Council launched a grants process to support women and youth entrepreneurship in the agricultural sector. Rehabilitation of secondary schools in the Fez-Meknes and Marrakech-Safi regions began, with MCA-Morocco set to hold sustainability workshops with the Ministry of Education to discuss scale-up of the MCC-funded Secondary Education Activity post-compact. Due to implementation delays caused by the COVID-19 pandemic, the term of this compact was extended from its original end date of May 2022 to March 2023.

Niger

The compact aims to increase rural incomes by addressing access to water for productive uses as well as physical and regulatory barriers to markets and trade. The Irrigation and Market Access Project and the Climate-Resilient Communities Project are modernizing irrigation systems to improve agricultural productivity, with a focus on diversifying production and increasing yields; upgrading road networks to facilitate market access, sales, and profits of agricultural products; and reforming policies to enable expansion of private sector services and assistance in the agricultural sector to sustain precious ground

water resources. In FY2021, MCA-Niger contractors finalized their report quantifying for the first time the presence of underground water reserves with newly mapped target areas for developing significant areas of sustainable groundwater-fed irrigated agriculture. MCA-Niger launched a national public relations campaign encouraging pastoralists to have their livestock vaccinated. Construction on the Konni irrigated perimeter continued, and a literacy program supporting farmers on the Konni irrigated perimeter held a graduation ceremony in June. Road construction made significant progress. Due to implementation delays caused by the COVID-19 pandemic, the term of this compact was extended from its original end date of January 2023 to January 2024.

Mongolia

MCC's compact with Mongolia is designed to provide a sustainable supply of water in Ulaanbaatar and to support the country's economic growth. MCC's investment is expected to provide an 80 percent increase in the long-term supply of water to the capital city by adding new groundwater wells and constructing a state-of-the-art water purification plant. Additionally, the compact program will introduce new technologies for recycling and reuse of wastewater. To support these two major program components, the compact also will fund critical legal, regulatory and institutional reforms to enhance the sector's sustainability. The government agreed to provide up to \$111.8 million of additional funding to support the compact—among the largest contributions by a partner country. On March 31, 2021, the compact entered into force, starting the five-year implementation timeline. MCA-Mongolia, the entity managing day-to-day implementation of the compact, signed a critical-path contract for the construction of the advanced water purification plant (AWPP) in early August, which allowed construction to begin in late summer. A groundbreaking ceremony for the AWPP took place in late August, with participation by key ministers, stakeholders and the president of Mongolia. Work is also progressing on other procurements and the Sustainability Activity, including compact-supported updates to the government's cost-recovery plan to enhance the sustainability of the water sector in Ulaanbaatar. The compact end date is March 2026.

Senegal

MCC's compact with Senegal is designed to strengthen the power sector by increasing reliability and access to electricity and helping the Government of Senegal establish a modern and efficient foundation upon which the nation's power system can grow. The investments will focus on energy sector policy, institutional and regulatory reform, upgrading the high-voltage transmission network in and around Dakar, and expanding rural electricity access through distribution network upgrades and enhancements to consumer-side elements. Ensuring consistent and affordable access to energy in Senegal will allow businesses to grow, catalyze private sector investment, increase productivity and employment, and ultimately support diversification and growth of Senegal's economy. In FY2021, the Government passed a new electricity code and law on the regulator and adopted a new electricity tariff plan. These actions are expected to improve the overall governance and financial viability of the power sector and create a sustainable environment to meet the growing demands of businesses and consumers and promote private sector investment. The compact entered into force in September 2021. The compact's end date is September 2026.

Table 2: Fiscal Year 2021 Compact Obligations and Expenditures (in millions of dollars)

		Activity in Fiscal Year 2021			
		Section 609(g) Compact Facilitation Funding		Section 605 Assistance	
Partner Country	Total Compact Amount at Signing	Obligations	Expenditures	Obligations	Expenditures
Benin II	\$375.0			16	106.6
Burkina Faso II	\$450.0	0	0.6		
Côte d'Ivoire	\$524.7	(12.6)	4.3	12.6	18.2
El Salvador II	\$277.0			(6.3)	29.3
Ghana II	\$498.2			7.7	107.3
Liberia	\$256.7			(18.9)	23.4
Mongolia II	\$350.0		9	321.9	18.7
Morocco II	\$450.0				113.5
Nepal	\$500.0		4.8		
Niger	\$437.0				73.7
Senegal II	\$550.0		7.4	512.2	

Table 3: Signed Compacts That Have Not Entered Into Force as of September 30, 2021

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Nepal In September 2017, MCC signed a \$500 million compact with the Government of Nepal—the agency's first investment in South Asia. The compact aims to increase the availability of electricity, improve road quality and facilitate power trade between Nepal and India. The \$389.2 million Electricity Transmission Project aims to increase	\$40.5	\$14.3

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
<p>domestic electricity consumption by improving the availability and reliability of electricity in Nepal through the construction of 300 kilometers of high-voltage electric transmission lines—equivalent to one-third of Nepal's transmission network—and three substations, which will increase power for further distribution to customers or to serve as pooling hubs for generators. The Electricity Transmission Project also includes a cross-border transmission line to facilitate the growth of power exchange between Nepal and India to meet the domestic demand in the short term and allow electricity exports in the long term. The \$52.3 million Roads Maintenance Project would fund maintenance of up to 305 kilometers of roads, leading to a reduction in transport costs due to decreased vehicle operating costs and reduced travel time. The compact remains in the preparatory phase while the government works to meet key conditions before entry into force, including parliamentary ratification of the compact.</p> <p><i>Following the FY21 reporting period, on February 27, 2022, the Federal Parliament of Nepal ratified the compact between</i></p>		

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
<i>MCC and the Government of Nepal.</i>		
Burkina Faso MCC's compact with Burkina Faso is focused on modernizing the power sector by addressing the high cost, poor quality and lack of access to electricity. The Government of Burkina Faso ratified the compact in December 2020 and established MCA-Burkina Faso II in February 2021 to lead the implementation of the compact. The projects are designed to collectively improve the financial viability of the power sector through reform and capacity building; supply and battery storage; and transmission, distribution, dispatching and productive uses of electricity—while also enabling good governance and greater accountability among sector actors. <i>Following the FY21 reporting period, on January 23, 2022, Burkina Faso experienced a coup d'état, which contradicts MCC's commitment to democratic governance and upholding the rule of law—principles that underpin the agency's rigorous criteria for selection.</i>	\$33.4	\$0.6

Note: For MCC's financial reporting, disbursements are expenditures. Compact funds are fully obligated, and the five-year compact term starts when the compact enters into force.

Compacts in Development as of September 30, 2021

During fiscal year 2021, MCC continued to work with eight countries to develop potential compacts and continued developing potential concurrent compacts with several partner countries in West Africa.

Indonesia

In December 2018, MCC's Board selected Indonesia as eligible to develop a subsequent compact. The selection reflected the strong partnership that MCC and Indonesia built during the prior compact, Indonesia's commitment to ensuring the sustainability of the investments made in that compact, and the progress the country has made on its policy performance. In early July 2021, the government submitted two project proposals to improve access to finance for infrastructure and for micro, small and medium enterprises, particularly those that are women-owned. In late September, MCC approved further due diligence and project development for those proposals, with a target of late 2022 for finalizing project designs and compact signing. In parallel, MCC is exploring opportunities to advance Indonesia's climate goals through the proposed compact, in line with MCC's climate strategy.

Kosovo

In September 2017, MCC and the Government of Kosovo signed a \$49 million threshold program that addresses the country's unreliable supply of electricity and real and perceived weakness in rule of law, government accountability and transparency. In December 2018, MCC's Board selected Kosovo as eligible to develop a compact program parallel to the ongoing threshold program. MCC and the government updated the constraints analysis initially conducted during the development of the country's threshold program and identified two additional binding constraints to Kosovo's economic growth: unpredictable energy supply deficits due to the country's old, unreliable generation infrastructure and excess demand for electricity, reflecting insufficient investment in energy efficiency. Following high-level engagements between MCC and the government in May 2021, MCC held a series of conversations and workshops with government officials, donors and other stakeholders in June and July on how the proposed compact program would help Kosovo accelerate its transition toward a more sustainable, reliable and affordable energy future. MCC and the government subsequently agreed to develop a program that will focus on energy network stability, energy storage and gender-sensitive workforce development. The government and MCC have targeted a compact finalization and signing date for mid-2022.

Lesotho

MCC is developing a compact with the Government of Lesotho that includes three projects aimed at addressing the constraint to growth of ineffective government policy planning, coordination and execution. The Health Project aims to strengthen the delivery of primary health care services, improve efficiency of government expenditures, and address the unique needs of gender-based violence treatment and referral services. The Market Driven Irrigated Horticulture Project aims to catalyze private sector investment in horticulture through investments in irrigation infrastructure and regulatory reform, while creating transparent and sustainable access to land and water. The Business Environment and Technical Assistance Project aims to develop a sustainable and inclusive business ecosystem and pipeline that includes creating a participatory decision-making process for the provision of critical services by the government to the private sector. The projects include women- and youth-empowerment strategies to

ensure inclusive growth. MCC aims to submit the compact to MCC's Board for consideration in early 2022.

Malawi

MCC is working with its Malawian counterparts to develop a compact that will increase land efficiency as a critical production input for economic growth in Malawi and increase competitiveness in the agriculture and transport sectors. The compact is being designed to integrate climate resiliency in its investments by supporting sustainability in the agriculture and transport sectors and considering climate in geographic selection of interventions. MCC is additionally exploring the use of various blended finance tools to catalyze private investment and de-risk inclusive agribusinesses. Compact investments will foster inclusivity by incorporating women and smallholders into reforms and potential financing. MCC plans to submit the compact to MCC's Board for consideration in 2022.

Sierra Leone

In December 2020, MCC's Board selected Sierra Leone as eligible to develop a compact. MCC has partnered with the Government of Sierra Leone to conduct a constraints-to-growth analysis. Among other constraints, the analysis found that power and food security were strongly binding on economic growth in Sierra Leone. The MCC country team initiated root cause analysis on these constraints and began to develop concepts for potential compact investments to address these challenges. MCC plans to submit the compact to MCC's Board for consideration in 2023 or 2024.

Timor-Leste

In 2013, MCC completed a \$10 million threshold program that strengthened anti-corruption institutions and improved access to immunizations by building a more effective community health system. Timor-Leste was initially selected by the MCC Board to develop a second threshold program in December 2016. Recognizing the government's continued commitment to good governance, investment in its people and economic freedom, and its steady performance on the MCC scorecard, in December 2017, MCC's Board decided to move Timor-Leste into the compact program. MCC is currently working with the government to develop a compact that includes two potential projects: a water, sanitation, and drainage infrastructure project to reduce the disease burden brought on by contaminated water in the capital city of Dili and two municipalities, and an education project to train secondary school teachers and school leaders to better equip students with the skills needed to succeed in the job market. MCC and the government continued to make progress on compact development throughout FY2021 despite the pandemic, following MCC's successful resumption of missions to Timor-Leste beginning in July 2021. MCC plans to submit the compact to MCC's Board for consideration in 2022.

Tunisia

The compact features two projects focused on addressing Tunisia's constraints to growth. The Transport and Trade Project aims to reduce the time and cost for businesses to engage in trade in Tunisia and includes investments to improve management and expand infrastructure at the strategic Port of Rades. It also supports the reduction, simplification and digitalization of trade procedures and regulations in the

transport sector. The Water Project aims to achieve efficient and sustainable use of scarce groundwater resources while increasing the incomes of its users to move the country toward improved water sustainability in the face of climate change. The compact also features new partnerships with the U.S. International Development Finance Corporation (DFC) to catalyze and enable greater private sector investment as well as with the Small Business Administration to introduce new water-efficient technologies to farmers in Tunisia. The compact program integrates gender and social inclusion by, for example, improving market access for women-owned enterprises. MCC's Board unanimously approved the Tunisia Compact in June 2021. MCC delayed signing the compact after the president of Tunisia suspended parliament and dismissed the prime minister on July 25. Compact signing is on hold until Tunisia is back on a democratic path.

Mozambique

MCC, together with its Mozambique counterparts, have identified rural transport, commercial agriculture, climate management and coastal development as potential areas for compact investment, with a likely geographic focus in the province of Zambezia. These projects aim to address Mozambique's binding constraints to growth in the agriculture and transport sectors. In addition, MCC is exploring an integrated climate project that could include initiatives such as community-led mangrove and seagrass restoration and blue carbon credits. MCC aims to submit the compact to MCC's Board for consideration in 2023.

Concurrent Compact: Benin-Niger

This regional program will rehabilitate portions of the existing transport corridor between Cotonou in Benin and Niamey in Niger, while addressing some of the institutional and market constraints that raise the financial and time costs of transporting goods along this road. This corridor is considered one of the most heavily traveled north-south corridors in West Africa, and improving it has the potential to provide economic benefits to both countries. In particular, the Benin-Niger border crossing is one of the busiest crossings between any coastal and landlocked country in the region, with an average of approximately 1,000 vehicles per day. This investment would have a clear link to the MCC investment at the Port of Cotonou in Benin's first compact and to the current MCC compact program in Niger focused on agriculture and roads. MCC aims to submit the compact to MCC's Board for consideration in 2022.

Concurrent Compact: Burkina Faso-Côte d'Ivoire

Throughout 2021, MCC worked to make possible a feasibility study for a potential new high-voltage transmission line from Ferkessedougou in Côte d'Ivoire to Bobo-Dioulasso and continuing to Ouagadougou in Burkina Faso. This line was identified as a plausible regional investment because it would potentially allow more power trade between Burkina Faso and Côte d'Ivoire and greater control and stability of the interconnected network. MCC has been engaging the West African Power Pool to manage the procurement and performance of the study.

Note: Following the FY21 reporting period, on January 23, 2022, Burkina Faso experienced a coup d'état, which contradicts MCC's commitment to democratic governance and upholding the rule of law—principles that underpin the agency's rigorous criteria for selection.

MCC Threshold Programs: Results Through Reforms

MCC's threshold program is aimed at assisting promising candidate countries to become eligible for a compact by offering them the opportunity to demonstrate their commitment to democratic governance, economic freedom and investments in their people. By advancing policy reforms and strengthening institutions to address the most binding constraints to economic growth, threshold programs complement the "MCC Effect" and allow the agency to assess the opportunity for an impactful and cost-effective partnership before committing to a larger compact. MCC uses the same rigorous, evidence-based approach in threshold programs as it does in compacts, leading to high-quality programs that maximize potential systemic impact and lay the foundation for a higher level of assistance.

In FY2021, MCC partnered to develop or implement threshold programs with The Gambia, Guatemala, Kenya, Kiribati, Kosovo, Sierra Leone, Solomon Islands and Togo. Program development with Ethiopia was discontinued due to ongoing armed conflict in the country and ensuing human rights and humanitarian concerns.

The Gambia

MCC's Board selected The Gambia as eligible to develop a threshold program in December 2017. Following a pause in FY2020 due to trafficking in persons, MCC and The Gambia completed development of a \$25 million program focused on energy sector reform in September 2021. The grant agreement was signed in November 2021.

Guatemala

As of September 30, 2021, MCC and the Government of Guatemala were preparing for the closure of the threshold program. (Note: the program was successfully completed on October 31, 2021.) MCC's investment led to improvements in the quality of secondary education by training over 2,000 secondary teachers and supporting the Ministry of Education to enact and prepare for the implementation of a decree to reform hiring practices, ensuring that teachers have basic competencies in the subjects they will teach. The program also supported the Guatemalan tax authority to install a competent internal affairs group to deter corruption, improve use of data analytics to detect tax evasion, and strengthen customs risk management—resulting in fewer inspections while still identifying customs tax evasion.

Kenya

MCC's Board selected Kenya to develop a threshold program in December 2019. MCC and the Government of Kenya completed the constraints analysis in October 2020 and identified the lack of connectivity in urban areas as a binding constraint to economic growth. The government worked with MCC to analyze the root causes of the urban connectivity constraint and develop project concepts, which it formally submitted in August 2021. MCC expects to complete due diligence and design for three projects related to urban transportation and land use planning, allowing MCC to present the proposed program to the Board for consideration in the spring. Subject to Board approval, a threshold grant agreement could be signed in FY2022.

Kiribati

Kiribati was selected to develop a threshold program in December 2020. MCC and the Government of Kiribati are conducting consultations and analyses on the root causes of constraints to growth related to coastal capital, public financial management and international labor migration. MCC intends to complete development and bring the program to the Board for consideration in late 2022.

Kosovo

MCC and the Government of Kosovo continue to implement a \$49 million threshold program that entered into force in 2017. The program aims to foster a market-driven approach to lowering energy costs for households and businesses, encouraging energy efficiency and developing new sources of electricity generation. The program also supports the government's efforts to improve decision-making and accountability by increasing the accessibility and use of judicial, environmental and labor force data.

Solomon Islands

Solomon Islands was selected to develop a threshold program in December 2018. Despite travel limitations associated with the COVID-19 pandemic, MCC was able to successfully complete program development. In December 2020, the MCC Board approved a threshold program that would facilitate private investment for increased tourism and generate more reliable and sustainable benefits from the country's forest resources. Pending the signing of a threshold program grant agreement, MCC expects implementation to begin in FY2022.

Sierra Leone

In March 2021, MCC and the Government of Sierra Leone completed a \$44.4 million threshold program to improve access to clean water and reliable electricity. The program improved access to safe water in Freetown by investing in water management and installing new pipes and water kiosks. The newly constructed water kiosks are providing safe, accessible and sustainable water to 15,000 residents, while also significantly reducing the time spent by community members on water collection. In the electricity sector, the program improved how the sector utilities operate and plan for future needs. By increasing national capacity through improvements to transparency measures and encouraging accountability, a foundation has been laid to sustain the investment. A newly developed sector roadmap will help guide further development and encourage private investment.

Togo

The \$35 million MCC threshold program with Togo, which entered into force in November 2020, is focused on addressing critical constraints in the country's information and communications technology and land sectors. The program will support the Government of Togo in improving citizens' access to high-quality and affordable information and communications technology services by encouraging private sector investments, supporting the implementation of a universal service fund, and strengthening an independent regulatory body. In the land sector, the program will expand access to formalized land titles through the recognition and protection of legitimate land rights, to accelerate agricultural productivity.

For More

- Visit www.mcc.gov for the latest progress on each MCC partner country, including financial data, results, and donor coordination efforts.
- Review [MCC's Fiscal Year 2020 Agency Financial Report](#) for financial statements and the independent auditor's report.

Leveraging Partnerships

Section 3: Leveraging Partnerships

MCC has broadened and deepened its partnerships with partner country governments, public donors, the private sector, and other U.S. Government agencies to further its impact, scale, innovation and the sustainability of its programs.

Partnership Annual Program Statement (APS)

MCC utilizes its APS to facilitate open, fair and transparent competition of partnering opportunities and to foster proactive collaboration and partnership co-creation among MCC and potential partners. The APS enables MCC and prospective partners to co-create partnerships that make best use of each organization's distinct knowledge, networks, innovations, investments, personnel and resources. To date, MCC has awarded over 20 partnerships via the APS using cooperative agreements, each of which had a required cost-share component. These partnerships have strengthened MCC's due diligence of compact and threshold programs. In FY2021, MCC had 14 APS partnerships in implementation. Significant activities related to APS partnerships in fiscal year 2021 include:

- Initiation of a partnership with Bridges to Prosperity that will increase access to infrastructure by rural communities—specifically secondary schools in the San Pedro and Gbeke regions of Côte d'Ivoire—through last-mile pedestrian paths and bridges.
- Completion of a partnership with the University of Colorado to collect and use high-frequency monitoring data using emerging and cost-effective technologies to understand water availability in kiosks constructed by the District Metering Area and Standpipe Demonstration Activity in Sierra Leone. The partnership resulted in an ongoing commitment by the water utility company to maintain the sensors after the end of the threshold program and partnership with the University of Colorado, as well as the potential to scale up the use of the sensors for replication of the kiosk model in the future.

Program Partnership Solicitation (PPS)

MCC partner countries can now use the PPS to competitively select partners to implement program activities within compact and threshold programs. Significant activities related to PPS partnerships in FY2021 include:

- MCA-Morocco initiated a partnership with Mohammed VI Polytechnic University, OCP Solutions, and Atlas Cloud Services in the Workforce Development Activity to develop a digital platform for the labor market. This interactive platform aims to make labor market data more accessible and usable to policymakers and the public via real-time data and information on trends, supply and demand, skills, training and more.
- The Lesotho Millennium Development Agency in collaboration with the Lesotho Pension Fund is using the PPS to design a business-enabling environment and technical-assistance facility and

financing vehicles that would catalyze domestic and international impact capital for investment in micro, small and medium enterprises in Lesotho's key strategic sectors, including agriculture and high-value horticulture, creative industries, tourism and manufacturing—including women-owned or youth-owned businesses.

Partnership With USAID for Women's Business Data Lab and e-Community in Côte d'Ivoire

MCC and Microsoft are partnering to establish a Women's Data Lab and Network (WDLN) in Côte d'Ivoire to support women entrepreneurs and women-led small and medium enterprises (W-SMEs) with development of the digital skills and data savvy necessary to grow and scale their businesses. The WDLN, funded by USAID's global fund on women's economic empowerment, represents a first-of-its-kind partnership between MCC, Microsoft and other partners to grow an e-community of W-SMEs to build data skills and digital literacy—bringing meaningful results for business performance, technology enablement, job creation and global competitiveness.

Partnership With Women in Science (WiSci)

MCC is helping to empower the next generation of female leaders by bringing the WiSci program to MCC partner countries. WiSci is a public-private partnership designed to motivate young women to pursue careers in science, technology, engineering, arts and mathematics career fields. Through experiential learning, cross-cultural peer interaction, industry connections and learning from accomplished scientists and technologists, WiSci seeks to empower young women with knowledge, leadership and technical skills needed during times of rapid technological development. Through a partnership with the U.S. Department of State and close collaboration with the United Nations Foundation's Girl Up program, MCC, MCA-Morocco and MCA-Cote d'Ivoire helped to bring WiSci's first virtual camp to participants from Morocco, Côte d'Ivoire and the United States in summer 2021. The WiSci Morocco online programming demonstrated the impact of the WiSci partnership and program model to MCC threshold programs and compacts.

Power Africa

To fulfill the agency's goal of removing constraints to economic growth, MCC is undertaking major power programs in collaboration with Power Africa, a U.S. Government interagency initiative, to bring affordable electricity to the people of sub-Saharan Africa. To date, MCC has completed approximately \$350 million worth of power projects in Malawi and, together with other partner countries, is continuing to implement an additional \$2 billion worth of power projects that will improve the quality and reliability of electricity in Benin, Burkina Faso, Ghana, Liberia, Senegal and Sierra Leone. These projects focus not only on building physical infrastructure but also on improving the enabling environment to attract private sector investment. Examples include financing a photovoltaic solar power project in Benin with independent power producers and project finance lenders and improving the financial position and operations of the utility in Burkina Faso.

Data for Development Capacity Building

The [Data Collaboratives for Local Impact](#) (DCLI) program, under a \$21.8 million interagency agreement funded by the President’s Emergency Plan for AIDS Relief (PEPFAR) and implemented by MCC, empowers individuals and communities to use data to improve lives through better decisions, investments, resource allocation and transparency. DCLI engages locally and inclusively to promote policies and practices that balance data availability and privacy; establishes centers to build data skills, civic technology and collaboration; and leverages resources, innovation and partnerships to develop more substantial outcomes for partner countries. The program works across sectors to improve health, control the HIV epidemic, empower women and youth, and contribute to economic growth.

DCLI’s first investment established the Tanzania Data Lab (dLab), which focuses on the proliferation of data use by building the data skills of individuals and communities. To date, the dLab has increased Tanzania’s local supply of data expertise by training over 2,000 individuals and nearly 3,000 organizations. In 2018, the dLab and the University of Dar es Salaam launched a Master’s in Data Science program, the first of its kind in East Africa. It has produced 30 local data scientists including nine DCLI-funded PEPFAR Scholars, of whom four are women. Graduates have been employed by private sector organizations like Vodacom Tanzania and implementation partners like [Management and Development for Health](#) and the [Benjamin Mkapa Foundation](#). The dLab’s efforts at the subnational level in the Kyela district led the Tanzanian Bureau of Statistics to approve citizen-generated data as a valid source of statistical information, despite previous restrictive data policies. Since its founding, the dLab has built a reputation as a center of excellence in promoting innovation and data literacy.

In mid-2018, DCLI expanded to Côte d’Ivoire to grow the availability of data skills and to build capacity in the data ecosystem. In collaboration with the Ministry of Development and Planning, DCLI launched an [open data readiness assessment and action plan](#) to coordinate activities in data policies, openness and capacity building. One hundred thirty-five young Ivorian fellows completed data science training and were placed within national and regional ministries and organizations to augment their use of data. DCLI partnered with [Des Chiffres et des Jeunes](#) to develop a scalable [data inventory platform](#) that includes 545 registered data sets from nearly 300 organizations that were trained on the value of data and data protection, re-use of existing data sets, and avoiding collection of already-available data. Through 2020, DCLI worked to improve data use at 23 PEPFAR-priority health facilities, embedding data fellows and developing technical solutions which can be scaled by the Ivorian Ministry of Health to other locations.

The DCLI program has highlighted the opportunity to empower women economically by providing them with the data skills needed to participate in the growing global digital economy and changing global workforce. The program has managed to exceed gender parity in program participation (59 percent in Tanzania and 45 percent in Côte d’Ivoire). DCLI’s collaboration with Stanford’s [Women in Data Science](#) is being extended in Tanzania to adolescent girls and young women aspiring to become data scientists, pairing them virtually with high-school counterparts in Silicon Valley.

An [independent assessment](#) concluded that, overall, the DCLI program increased the data skills of individuals and organizations, improved data use for service delivery and resource allocation at subnational levels, and fostered improved data use among nongovernmental organizations, local governments and entrepreneurs.

Efforts to Advance Global Development

Section 4: Efforts to Advance Global Development

MCC actively engages with the private sector throughout the development and implementation of its threshold programs and compacts to spur economic growth in partner countries. By holding its partner countries accountable to high standards of good governance and by capitalizing on private investment and expertise, MCC is delivering development results and creating new opportunities for U.S. firms in frontier markets.

Driving Reforms

MCC's strict standards for countries to receive aid have created an incentive for countries to make reforms before even a dollar of MCC assistance is expended, a phenomenon called the "MCC Effect." A country understands that becoming eligible for an MCC compact means more than just grant funding—it is a signal to the world that the country is on a positive track. It also inspires a sense of pride, sending a message that the United States believes it has the political, social and economic potential for long-term progress. MCC's selection criteria encourage countries to reform policies, strengthen institutions and improve data quality to boost their performance in the areas of economic freedom, ruling justly and investing in their people, as measured by the MCC scorecard.

MCC programs seek to address barriers to growth and sustain significantly increased levels of income for beneficiaries long after compact programs end. To achieve this goal, a compact is implemented in tandem with a broader development strategy. During the compact development process, MCC and the partner country examine conditions surrounding the proposed compact and develop a plan for policy reform that will maximize the compact's impact and sustainability. The partner government must succeed in making crucial policy changes before funding is released and must continue to improve the operating and policy environment during implementation. These policy reforms ultimately support the conditions necessary for continued growth and investments.

Creating New Opportunities for Economic Growth

Diversity, Equity, Inclusion, and Accessibility (DEIA)

In FY2021, MCC continued to take action to advance racial and gender equity and to promote diversity, equity and inclusion. The agency's approach combines immediate and short-term actions to build capacity and promote a culture of inclusion with opportunities in the medium term that come with identifying inclusion and gender as one of the three crosscutting strategic priorities for MCC. Further, there is momentum around what more can be done as part of long-term strategic planning so that the agency can reach those most in need and fully deliver on its mission to reduce poverty through sustainable and inclusive economic growth. In the immediate term MCC has:

- Appointed a member of the leadership team as the senior champion for diversity, equity and

inclusion;

- Established a Diversity and Equal Employment Opportunity division within the Office of the Chief Executive Officer and hired the agency's first chief diversity officer reporting directly to the CEO;
- Formalized a new Executive Inclusion and Diversity Council for MCC employees, which increases training opportunities for staff and makes available resources and data on MCC demographic and workforce trends to promote transparency with staff and continue identifying areas for improvement; and
- Launched a leadership conversation series and implemented a new signature block challenge to reaffirm MCC's CLEAR values (Collaboration, Learning, Excellence, Accountability and Respect) and to help create a safe and inclusive environment by encouraging staff to add pronouns to their signature block.
- Increased awareness through internal communication with staff around key events linked to anti-discrimination and racism, helping to create an environment where open dialogue, tolerance and empathy are prioritized.

Moving forward, with the onboarding of a new chief diversity officer, MCC will continue building on its comprehensive approach to DEIA and identify additional ways to further integrate DEIA into the agency's human capital plan. MCC is currently crafting its DEIA Strategic Plan in accordance with Executive Order 14035 to Advance DEIA in the Federal Workforce.

Climate

The impacts of climate change directly affect MCC's mission to reduce poverty through sustainable economic growth. Despite being the least responsible for global carbon emissions, developing countries are the most at risk from climate change and the least able to afford its consequences. Without significant interventions, climate change—combined with the economic fallout from the COVID-19 pandemic—will reverse significant development gains made in these countries and exacerbate global poverty and inequality. Indeed, reversal of development gains is already a reality, with the first increase in global poverty in 20 years. Investing in climate-smart development and sustainable infrastructure is critical to respond to countries' interest in enhancing their resilience in future crises, adapting to new climate realities, reducing emissions and stimulating growth.

MCC was an early mover in addressing climate change and has a strong track record of integrating climate change resilience, adaptation and mitigation considerations throughout its investment cycle. In the earliest stages, MCC considers how climate change affects the countries where it works and what risks climate change poses to the sectors considered for investment. As MCC explores specific investments, MCC considers potential environmental risks the programs could face and develops measures to avoid or mitigate those risks. MCC often assesses such risks in key sectors such as energy, transportation, agriculture and water.

Between FY2015 and FY2020, MCC devoted \$1.7 billion, or roughly 40 percent of the agency's program funds, to climate-related activities. The Benin Power Compact, for example, has the potential to leverage \$100 million in private investment and increase utility-scale and off-grid solar power generation, creating an enabling environment for independent power producers. This potential could deliver electricity to nearly 630,000 people in the poorest areas of Benin for the first time. In Indonesia, MCC's compact

reduced reliance on fossil fuels by expanding renewable energy, reduced land-based greenhouse gas emissions by improving land use practices and management of natural resources, and supported policy improvements through participatory land use planning.

Consistent with the Biden-Harris administration policy that “climate considerations shall be an essential element of United States foreign policy and national security,” and to further elevate its climate strategy, MCC will expand and deepen the emphasis on climate change across its investment portfolio and business operations. MCC has committed that more than 50 percent of its program funds will go toward climate-related activities over the next five years.

To achieve this goal, MCC will work with partner countries to promote climate-smart development and sustainable infrastructure through its well-established model. Specifically, MCC has developed an agency-wide climate strategy to support climate-smart development and sustainable infrastructure with the following core objectives:

- **Strengthen the integration of climate and environmental considerations in the agency’s suite of analytical tools and decision-making** important to program development, design and implementation;
- **Fully integrate climate and related environmental considerations into all stages of program development and implementation** to support countries’ transition away from fossil fuels. Maintain a coal-free policy across the investment portfolio and align programs with countries’ nationally determined contributions (NDCs);
- **Support policy and institutional reforms to broaden the impact of investments**, including support for partner-country sectoral, master and investment planning to advance development of climate-resilient, lower emissions and to help countries implement their NDCs;
- **Leverage blended finance to catalyze private capital** for climate adaptation, resilience and mitigation;
- **Expand and deepen partnerships to further climate objectives** with other U.S. Government entities, funders and donors, finance institutions, industry, civil society and academic institutions; and
- **Align MCC’s internal operations with its climate aspirations**, investigating ways to reduce the agency’s *carbon footprint* and strengthen its climate efficiency and resilience.

Inclusion and Gender

Promoting inclusion and addressing gender inequities is a key priority for MCC and is fundamental to achieving the agency’s mission to reduce poverty through sustainable and inclusive economic growth. In FY2021, MCC identified inclusion and gender as one of three crosscutting strategic priorities for the agency, alongside climate change and catalyzing the private sector. To reflect this increased ambition, MCC is identifying specific approaches to achieving greater gender and poverty impact from our investments, including expanding our economic models and diagnostic tools to improve the distributional impact of projects and ensuring pro-poor approaches are incorporated in MCC programs. For example, the agency organized a series of workshops with outside experts in June and July 2021 to analyze underlying barriers to equity and inclusion and approaches to achieving inclusive growth. Building on its track record of prioritizing the incorporation of gender into its programming, MCC added investment criteria to further advance and institutionalize how MCC prioritizes women’s economic

empowerment. In 2021, MCC continued to focus on developing and implementing projects that better reach the poor, promote inclusive growth and advance women's economic empowerment:

- The Kosovo Threshold Program's Reliable Energy Landscape Project is providing technical assistance and matching grants for female entrepreneurs to upgrade their enterprises through energy efficiency measures and other energy solutions.
- The Mongolia Water Compact is supporting the government to undertake tariff reform that addresses water affordability and the possible need to develop a customer assistance program, while also ensuring the municipal water utility's financial sustainability.
- The Senegal Power Compact is supporting the construction of electrical grid infrastructure in rural areas—including one of the country's poorest regions—and will facilitate access for women and youth to labor-saving devices and productive use of equipment.
- MCC began implementing an interagency agreement with USAID to establish a women's data lab in Côte d'Ivoire to support female entrepreneurs with technology, training and assistance in growing their companies.

Finally, MCC made reforms to two of the indicators—*access to credit* and *land rights and access*—on the agency's FY2022 scorecard, infusing its commitment to equity and inclusion more deeply in this critical tool. The changes will incentivize low and lower middle income countries to broaden access to financial services in poor and rural communities and to strengthen property rights, both in practice and in law.

Catalyzing Private Investment

MCC has practiced blended finance since its founding. Whether leveraging public-private partnerships in projects like the Benin Port and the Jordan wastewater treatment facility; designing and managing grant facilities to bring additional funding to programs, as in Indonesia; or catalyzing private sector investment around our programs, as in Ghana, Malawi and El Salvador—leveraging private sector investment to further MCC's mission has been at the heart of what MCC does.

Private sector investment is essential for sustainable poverty-reducing economic growth. The United Nations estimates that the annual financing gap to achieve the Sustainable Development Goals by 2030 currently sits at \$2.5 trillion. While Official Development Assistance continues to play a key role, closing this gap will require development agencies to help unlock and direct finance from other sources.

MCC is well positioned to catalyze private investment through the strategic use of public funds to mobilize private resources in ways that support sustainable, long-term economic development in developing countries. MCC has honed its ability to help its partner countries design, strengthen and harness private financial markets through a range of risk mitigation tools, including capital structure grants, grant facilities, parallel investments, co-investments, public-private partnerships and catalytic investment strategies that increase the impact and sustainability of MCC programs. MCC's blended finance tools also improve investor confidence and help overcome some of the impediments to private sector investment in challenging markets in its partner countries. MCC seeks to target its resources where commercial financing is not available for deployment toward development outcomes. Most low and lower middle income countries have below-investment-grade or no credit rating, making it impossible in many instances to raise commercial capital.

Recognizing shifts in the global development landscape and the opportunity to scale up impact, in FY2021 MCC expanded and deepened blended finance capacity, portfolio and leverage by continuing to develop three new innovative blended finance initiatives:

American Catalyst Facility for Development (ACFD), in collaboration with the DFC: The BUILD Act charges the DFC with increased coordination and collaboration among U.S. development agencies, including USAID and MCC. MCC and DFC (and previously the Overseas Private Investment Corporation) have collaborated in the past, but opportunities were constrained by significant limitations on investment timing and alignment of business models. To overcome these limitations, MCC and DFC developed a new MCC-funded blended finance mechanism, the ACFD. It creates a formal platform to optimize and organize MCC–DFC collaboration and leverage the strengths of both agencies to catalyze and enable DFC investments that would not otherwise be viable and that are consistent with the objectives and missions of both MCC and DFC. ACFD enables coordinated catalytic investments in MCC’s portfolio by providing strategic grants aimed at crowding-in the private sector and maximizing the overall impact of U.S. Government development efforts.

Millennium Impact for Infrastructure Accelerator (MIIA): MIIA is an independent project-preparation facility that seeks to mobilize much-needed private capital to the most impactful infrastructure projects in the power, water, sanitation, health, education and transport sectors. MIIA will attract impact capital by supporting tailored project preparation to develop innovative financing and project structures for bankable infrastructure projects and by linking impact investors to bankable deals that meet their impact criteria.

In October 2020, MCC signed a Memorandum of Understanding with Africa50 to jointly explore development of a regional MIIA for Africa: MIIA Africa. Because MIIA is envisioned as an independent entity, MCC chose to initially explore and perform due diligence on the concept in partnership with Africa50, an infrastructure investment platform that contributes to Africa’s growth by developing and investing in bankable projects and by leveraging public sector capital to mobilize private sector funding, with differentiated financial returns and impact. Africa50’s investor base is currently composed of 28 African countries, the African Development Bank, the Central Bank of West African States and Bank Al-Maghrib.

Innovation Technology Program (ITP), in collaboration with the U.S. Small Business

Administration: In 2021, MCC signed a Memorandum of Understanding with the U.S. Small Business Administration to create the ITP. ITP unlocks American technologies for MCC partner countries by sourcing innovations validated by evidence and helping partner country governments and the private sector to scale and sustain them. MCC is positioned to take smart risk with proven high-impact technologies; leverage our experience with grants and MCC’s global development role to create innovation platforms; promote U.S. best practices, innovations and technological developments by providing a pathway to commercialization and scale for proven solutions; and provide early-stage grant funding to ventures that want to adapt proven innovations and business models with the potential to reduce poverty.

Through this work, MCC seeks to contribute to an expanded and enhanced capacity among U.S.

Government agencies to create jobs, expand markets and reduce poverty through economic growth, and to support the effective transition of countries in the developing world from aid to trade and private sector–led economic growth.

Prosper Africa

Prosper Africa is a U.S. Government initiative that unlocks opportunities to do business in Africa—benefiting companies, investors and workers in Africa and the United States. Prosper Africa brings together the resources of more than 15 U.S. Government agencies to connect U.S. and African businesses with new buyers, suppliers and investment opportunities, making it easier for companies to access U.S. Government trade and investment support services.

Catalyzing private investment for development has been fundamental to MCC’s work since its founding, and MCC’s support of economic growth in Africa delivers mutual benefits to the United States and our partners on the continent. Each U.S. Government agency provides a unique contribution to Prosper Africa, and MCC’s compacts are effective in promoting long-term growth through infrastructure investments and a focus on improving the business climate.

Endnotes

1. Alice Albright was sworn in as MCC's sixth Senate-confirmed CEO on February 16, 2022.

Reducing Poverty Through Growth

